

Montana Bankers Association Feedback: HJR21

Financial institutions are trusted with customer data on a daily basis. Many federal regulations are in place to give guidance on privacy and financial institutions have policies derived from those regulations to govern responsible stewardship of customer information. Below is a high level overview of the regulations and some typical policies:

Privacy Regulations

- Fair Credit Reporting Act and FACT Act
 - Establishes rules and procedures for obtaining and using information about a consumer and for monitoring practices to prevent and correct identity theft
- Right to Financial Privacy Act (Regulation S)
 - Restricts how government agencies or agents may access the financial records of bank customers
- Privacy (Regulation P)
 - Requires institutions to identify all sources of customer information and they ways in which customer information is used or shared with third parties
- Information Security
 - Requires financial institutions to maintain active and effective information security systems
- Gramm-Leach-Bliley Act
 - Requires financial institutions to explain information sharing practices and to safeguard customer information (see more information below)
- Interagency Guidance on Response Programs to Unauthorized Access to Customer Information and Customer Notice
 - Born from Gramm-Leach-Bliley Act to develop standards for incident response and notification practices

Financial Institution Privacy Approach – Transaction Level

- Privacy Policy
 - Purpose: Setting the institution's privacy objectives and guidelines to ensure control over customer information
 - Objectives: Set policies and procedures, ensure compliance and define roles and responsibilities
 - Contents: Disclosure of information, guidelines for communication, definitions of third parties/affiliates, opt out process, training, audit process
 - Privacy Statement
 - Delivered via mail and posted online defining the why, what and how of what an institution does with personal information
 - Incident Response Program
 - Documented procedures to respond to security breach events to minimize exposure and recover customer information security
 - Identity Theft Prevention Policy
 - Driven by the FACT Act, this requires financial institutions to positively identify customers in every interaction (account opening, new loan, servicing, etc.)
 - Red Flag Policies
 - Used to identify suspicious transactions or patterns that could indicate identity theft or account take over
- ### Gramm-Leach-Bliley Act
- Enacted in 1999 the Act established guidelines for and restrictions on the way financial institutions disclose information on customers to third parties
 - Disclosure of privacy practices at account opening and annually thereafter is required
 - Institutions must have an opt out process for customers to further restrict the sharing of financial information
 - The federal banking agencies adopted identical policies in 2000 with mandatory compliance beginning on July 1, 2001
 - In 2009 federal regulators revised the privacy notice for easier customer understanding (see attachment)
 - In 2014 the CFPB issues a final ruling allowing financial institutions to post the notices online vs. mailing to each customer

FACTS

WHAT DOES DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and
- and
- and

How?

All financial companies need to share personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		
For our marketing purposes— to offer our products and services to you		
For joint marketing with other financial companies		
For our affiliates' everyday business purposes— information about your transactions and experiences		
For our affiliates' everyday business purposes— information about your creditworthiness		
For our affiliates to market to you		
For nonaffiliates to market to you		

To limit our sharing

- Call —our menu will prompt you through your choice(s) **or**

- Visit us online:

Please note:

If you are a *new* customer, we can begin sharing your information days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

Questions?

Call or go to

Who we are

Who is providing this notice?

What we do

How does
protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does
collect my personal information?

We collect your personal information, for example, when you

- or
- or
-

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

What happens when I limit sharing
for an account I hold jointly with
someone else?

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

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Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

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Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

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Other important information